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PUBLIC UTILITIES
COMMISSION

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BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE STATE OF HAWAI'I

In the Matter of)
)
PUBLIC UTILITIES COMMISSION)
) Docket No. 03-0372
Instituting a Proceeding to)
Investigate Competitive Bidding)
for New Generating Capacity in)
Hawai'i.)
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COUNTY OF KAUA'I'S FINAL STATEMENT OF POSITION

AND

CERTIFICATE OF SERVICE

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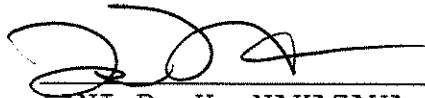
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COUNTY OF KAUA'I'S FINAL STATEMENT OF POSITION

The County of Kaua'i files its Final Statement of
Position as required by Order No. 21575.

Dated: Lihu'e, Kaua'i, Hawai'i, August 9, 2005.



LANI D. H. NAKAZAWA
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COK'S FINAL STATEMENT OF POSITION

WITNESS: GLENN SATO

1 As stated in the County of Kauai's (COK) opening
2 Position Statement filed on March 7, 2005, the COK limits
3 its participation in this docket on issues and matters that
4 impact the Kaua'i Island Utility Cooperative (KIUC) and the
5 ratepayers and owners of KIUC.

6 The COK supports a specific competitive bidding
7 process under Commission oversight, review and approval.
8 The interests of the ratepayers and owners of KIUC would be
9 promoted if the Commission provides KIUC with a general
10 framework, providing guidelines and direction, with the
11 specific components of the process designed by KIUC based
12 on current utility "best practices." KIUC would then
13 develop specific practices and submit the practices to the
14 Commission for approval. The KIUC "best practices" should
15 be defined, justified and discussed in a public forum prior
16 to Commission approval.

17 The COK reiterates its statement presented in its
18 opening position statement filed on March 7, 2005 that "the
19 Commission should require KIUC's proposed integrated
20 resource plan and demand side management (DSM) framework to
21 include any changes necessitated by this docket." We agree
22 with KIUC's statement in its opening position statement
23 filed with the Commission on March 14, 2005, that "[i]n

1 KIUC's opinion, the competitive bidding process insures
2 that future generation projects will be developed in a
3 manner that best meets the objectives of KIUC's Integrated
4 Resource Plan" (KIUC-SOP at 3). The COK also believes it
5 is a logical extension to assume that competitive bidding
6 is a tool to accomplish the objectives of the Commission
7 approved IRP plan and that KIUC's competitive bidding
8 should be under Commission oversight, review and approval
9 as described above.

10 The COK agrees with KIUC that KIUC should be
11 allowed to design its own competitive bidding process
12 according to current "best practices." The "best
13 practices" should be subject to Commission approval. The
14 COK also acknowledges that "best practices" may be
15 different for an electric cooperative and an investor-owned
16 utility.

17 The competitive bidding process should be an open
18 and fair process, with provisions to ensure a level playing
19 field and safeguards against self-dealing. There should be
20 mechanisms for oversight and enforcement of process rules,
21 and penalties for abuse. The reference to penalties does
22 not imply that there will be violations, but the presence

1 of a penalty provision will provide a disincentive for
2 companies to willingly violate the rules.

3 The competitive bidding requirement should be exempted
4 for any public/private partnerships, such as a partial or wholly
5 government-owned project such as a waste-to-energy facility or
6 landfill-gas fired generation where one of the major partners is
7 a government entity tasked to provide public benefits. Since
8 the COK and KIUC have identical constituents, this type of
9 public/private partnership benefits all of Kauai. KIUC (KIUC-
10 SOP at 6) agreed with this position in describing a specific
11 situation where competitive bidding "should not be required of
12 KIUC when KIUC is engaged in a partnership with another entity
13 and does not have sole authority for making key decisions.
14 Under that circumstance, these partnerships may have been
15 created solely due to unique opportunities that provide
16 integrated solutions to multiple issues. One example of an
17 integrated solution is a municipal solid waste generating plant
18 whereby the need for more capacity is coupled with landfill
19 issues."

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing County of Kaua'i's Final Statement of Position together with this Certificate of Service, were served electronically and by first class mail, postage prepaid to the following:

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Dated: Lihu'e, Kaua'i, Hawai'i, August 9, 2005.



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